

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 6 — 0 1 4

2. STATE:

MICHIGAN

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

September 6, 1996

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 96 — 11,354,000.

b. FFY _____ \$ _____

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pp. 2a and 2b

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-B, pp. 2a and 2b.

10. SUBJECT OF AMENDMENT:

Special Outpatient Hospital Indigent Pool

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

FOR
James K. Haveman, Jr.

14. TITLE:

Chief Executive Officer

15. DATE SUBMITTED:

9-12-96

16. RETURN TO:

Michigan Dept. of Community Health
P.O. Box 30479
Lansing, MI 48909

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

~~RECEIVED~~ 9-16-96

18. DATE APPROVED:

6/6/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

9-6-96

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Div. of Medicaid & Children's Health

23. REMARKS:

RECEIVED

SEP 16 1996

HCFA-V-DMMCP

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

The indigent volume portion of the outpatient adjustor is:

$$1 + (\text{Indigent volume} \times .40) + .15$$

Only hospitals with at least \$8,000,000 in indigent charges are eligible for the 0.15 supplement to the adjustor. Off campus satellite clinics eligible for special Medicaid reimbursement as satellite clinics in health manpower shortage areas are not eligible for the 0.15 supplement to the outpatient adjustor.

The indirect medical education portion of the outpatient adjustor is:

$$\left(\left(1 + \frac{\text{Interns \& Residents}}{\text{Beds}} \right)^{.5795} - 1 \right) \times 1.5$$

The outpatient adjustor is the sum of the indigent care portion of the adjustor and the indirect medical education portion. Hospitals not located in Michigan or not enrolled in the Medicaid Program do not receive an adjustor for indigent volume or indirect medical education.

09/06/96 In addition to the regular indigent volume and indirect education adjustments normally included as part of the fee screen based payments, eligible hospitals will receive a proportional share from a special indigent pool. A pool of \$44,012,800 will be distributed in periodic payments between January 8, 1996 and September 30, 1996. A separate pool of up to \$100,000,000 will be distributed in periodic payments between April 8, 1996 and September 30, 1996. A third pool of up to \$100,000,000 will be distributed between June 1, 1996 and September 30, 1996. A fourth pool of up to \$20,000,000 will be distributed between September 6, 1996 and September 30, 1996. Preliminary payments from these pools will be made to eligible hospitals based on each hospital's estimated Medicaid outpatient payments during state fiscal year 1996. Final settlement of the three pools totaling up to \$220,000,000 will be done separately from the \$44,012,800 pool, using state fiscal year (FY) 1996 paid claims data.

Eligibility for the special indigent pools are based on outpatient indigent volume data from hospital fiscal years ending between October 1, 1993 and September 30, 1994. These data have been subject to review and appeal and will not be changed.

Hospitals with outpatient volume of between 50% and 70% and outpatient indigent charges in the eligibility year (cost reports ending between October 1, 1993 and September 30, 1994) of at least \$19,000,000 will be eligible for additional special outpatient indigent payments from the \$44,012,800 pool.

TN No. 96-014

Approval _____

Effective Date 09-01-96

Supersedes
TN No. 96-012

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

09/06/96 Hospitals with outpatient indigent volume of at least 30% and outpatient indigent charges in the eligibility year (cost periods ending between October 1, 1993 and September 30, 1994) of at least \$24,000,000 will be eligible for additional special outpatient indigent payments from the three pools totaling up to \$220,000,000.

09/06/96 The pools totaling up to \$220,000,000 will be distributed to eligible hospitals based on payments for services provided during state fiscal year 1996 (excluding direct medical education and the special indigent pool payments). The final settlement, using outpatient hospital Medicaid paid claims for eligible hospitals will be performed based on actual state fiscal year 1996 claims paid through December 31, 1997. Claims include Title XIX and Title V/XIX paid claims from provider types 40, 41 and 75.

For the purpose of these pools, Medicaid outpatient hospital reimbursement to any single hospital will be allowed to exceed the hospital's Medicaid outpatient charges and Medicaid payment may exceed a hospital's outpatient Medicaid cost.

The special indigent payments made under this provision will be exempt from the outpatient hospital charge and cost limits. The outpatient hospital charge limit is applied in the invoice processing system. Each outpatient claim is reimbursed the lesser of the fee screen based payments or actual charges. Claim line reimbursement in the invoice processing system does not include any special indigent pool payments, these are made in a separate payment.

TN No. 96-014

Approval _____

Effective Date 09-01-96

Supersedes

TN No. 96-012